

Message Text

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ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AGR-20 AID-20 CEA-02 CIAE-00

COME-00 EB-11 EA-11 FRB-02 INR-10 NEA-10 NSAE-00

RSC-01 OPIC-12 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

SS-15 NSC-10 L-03 PA-03 PRS-01 USIA-12 STR-08 GAC-01

SAJ-01 RSR-01 /202 W

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R 171839 Z MAY 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1268

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

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E. O. 11652: N/A

TAGS: EGEN, EEC, UK, US

SUBJECT: HEATH SPEECH ON THE EUROPEAN COMMUNITY

1. BEGIN SUMMARY. IN A SPEECH DELIVERED IN LONDON ON MAY 13, PRIME MINISTER HEATH LOOKED BACK ON THE FIRST FOUR MONTHS OF THE ENLARGED COMMUNITY AND GAVE HIS ASSESSMENT OF THE NEGOTIATIONS ON AGRICULTURAL PRICES AND THE EUROPEAN MONETARY FUND. HE THEN DESCRIBED THE UK'S OBJECTIVES REGARDING ECONOMIC AND MONETARY UNION,
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REGIONAL POLICY, SOCIAL POLICY AND THE COMMUNITY'S RELATIONS WITH THE OUTSIDE WORLD. ON THE LATTER POINT, HE SAID THAT THE EC SUMMIT HAD UNDERLINED THE COMMUNITY'S WORLD RESPONSIBILITIES. " IT IS QUITE WRONG TO PORTRAY THE COMMUNITY AS CONCERNED ONLY WITH REGIONAL MATTERS AND WITH ECONOMIC INTERESTS." THE COMMUNITY NOW HAS A GREAT CHANCE TO EXERT ITS COLLECTIVE INFLUENCE, AND IT WILL " RESPOND POSITIVELY" TO THE CALL BY DR. KISSINGER TO BRING UP TO DATE THE RELATIONSHIP BETWEEN WESTERN EUROPE, NORTH AMERICA AND JAPAN. HEATH WAS SPEAKING TO A MEETING ORGANIZED BY THE EUROPEAN MOVEMENT TO CELEBRATE THE TWENTY- FIFTH ANNIVERSARY OF THE CONGRESS OF EUROPE OF 1948. WE ARE FORWARDING THE TEXT OF HEATH'S SPEECH BY AIRGRAM. THE MAIN POINTS ARE SUMMARIZED IN THIS TELEGRAM. END SUMMARY.

2. HEATH SAID THAT THE TWO MAJOR INDIVIDUAL ISSUES WHICH HAVE PREOCCUPIED THE BRITISH SINCE THEY BECAME MEMBERS OF THE EC IN JANUARY HAVE BEEN AGRICULTURAL PRICES AND THE LOCATION AND NATURE OF THE EUROPEAN MONETARY FUND. AFTER ACKNOWLEDGING THAT ALL- NIGHT EC NEGOTIATING SESSIONS ARE PROBABLY NECESSARY FOR MAJOR DECISIONS ON SUBJECTS LIKE AGRICULTURE, HEATH OUTLINED THE UK'S POLICY TOWARD THE CAP AS FOLLOWS:

3. " WE HAVE ALWAYS ACCEPTED, AS OUR PREDECESSORS DID BEFORE US, THAT THE COMMON AGRICULTURAL POLICY IS AN ESTABLISHED PART OF THE STRUCTURE OF THE COMMUNITY. THE CRITICISMS WHICH ONE HEARS ABOUT THE COMMON AGRICULTURAL POLICY ARE NOT SO MUCH CRITICISMS OF ITS BASIC PRINCIPLES AS CRITICISMS OF THE PRICE LEVELS WHICH FROM TIME TO TIME HAVE BEEN DECIDED FOR DIFFERENT COMMODITIES. IT IS FOR EXAMPLE GENERALLY ACCEPTED THAT A PRICE LEVEL FOR MILK PRODUCTS WHICH PRODUCES AN ENORMOUS SURPLUS OF BUTTER, IS BADLY IN NEED OF REVISION. AT THEIR RECENT MEETING THE MINISTERS OF AGRICULTURE DECIDED ON SUCH A REVISION, INCLUDING A REDUCTION IN THE PRICE OF BUTTER.

4. " EQUALLY, IT HAS BEEN ACCEPTED THAT PRICE LEVELS AGREED UPON FOR A COMMUNITY OF SIX ARE NOT NECESSARILY RIGHT FOR A COMMUNITY OF NINE. WE NEED TO ACHIEVE A

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LEVEL OF PRICES WHICH WILL FULFILL THE BASIC OBJECTIVES OF THE COMMON AGRICULTURAL POLICY WHILST AT THE SAME TIME BEING TOLERABLE TO CONSUMERS THROUGHOUT THE WHOLE COMMUNITY. OBVIOUSLY THE EFFECT ON FARM INCOMES NEEDS TO BE CAREFULLY CALCULATED AND STRUCTURAL MEASURES WILL HAVE TO BE TAKEN TO DEAL WITH CASES OF HARDSHIP. THE RE- EXAMINATION OF THE COMMON AGRICULTURAL POLICY WHICH

HAS NOW BEEN AGREED WILL THUS CONSIST ESSENTIALLY OF FINDING THE RIGHT BALANCE BETWEEN THE NEEDS OF THE CONSUMER AND THE FARMER."

5. ON THE MONETARY FUND, HEATH REAFFIRMED THAT THE BRITISH " DO NOT SEEK THE ESTABLISHMENT OF THIS INSTITUTION IN LONDON.... OUR SOLE INTEREST IS TO SEE THE FUND, THE EUROPEAN CENTRAL BANK OF THE FUTURE, AS WE VISUALIZE IT, SET UP WHERE IT CAN OPERATE MOST EFFICIENTLY. THIS IS A COMMUNITY OBJECTIVE. THE BRITISH GOVERNMENT BELIEVES THAT THIS COMMUNITY OBJECTIVE SHOULD BE AN OVERRIDING CONSIDERATION." HEATH WENT ON TO SAY THAT WHEN THE UK SUGGESTED RESERVE POOLING FOR THE COMMUNITY ON A LARGE SCALE DURING THE LAST MONETARY CRISIS, " IT

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WAS ALSO OUR INTENTION TO PROMOTE THE COMMUNITY INTEREST
.... PERHAPS I MAY BE FORGIVEN IF I SAY THAT I BELIEVE
ON THE LAST OCCASION, A GREAT OPPORTUNITY WAS MISSED.
OF COURSE THERE WILL ALWAYS BE THOSE WHO WANT TO MOVE
GRADUALLY AND SLOWLY, STEP BY STEP. BUT THERE DO COME
OCCASIONS IN HISTORY WHEN ONE CAN TAKE A MAJOR STEP
FORWARD TO DEAL WITH THE WHOLE COMPLEX OF PROBLEMS AT
THE SAME TIME. WE HAD THAT OPPORTUNITY BUT IT WAS NOT
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TAKEN. I HOPE THAT WHEN AGAIN IT RETURNS WE SHALL THEN
BE ABLE TO SEIZE IT TOGETHER."

6. LOOKING TOWARD THE FUTURE, HEATH SAID THAT ECONOMIC
AND MONETARY UNION IS OF IMMENSE IMPORTANCE. " THE MOVE
THERE WILL BE BY STAGES... BUT THE GOAL ITSELF IS CLEAR."
REGIONAL POLICY IS AN IMPORTANT ELEMENT OF ECONOMIC
AND MONETARY UNION, HE SAID, AND REGIONAL PROBLEMS MUST
BE REGARDED AS A COMMUNITY RESPONSIBILITY. WITH REGARD TO
SOCIAL POLITY, HEATH SAID THAT " THE COMMUNITY MUST HAVE
A HUMAN FACE, IT MUST SHOW THAT IT CARES-- BOTH ABOUT
THE LESS WELL OFF, AND ABOUT RELATIONS BETWEEN DIFFERENT
SOCIAL GROUPS WITHIN ITS BOUNDARIES."

7. ON EXTERNAL RELATIONS, HEATH SAID THAT THE SUMMIT
UNDERLINED THE COMMUNITY' S WORLD RESPONSIBILITIES. THE
COMMUNITY MAY NOT BE A MILITARY TITAN OR AN EMERGING
SUPERPOWER, BUT " IT IS QUITE WRONG TO PORTRAY THE
COMMUNITY AS CONCERNED ONLY WITH REGIONAL MATTERS AND
WITH ECONOMIC INTERESTS." THE COMMUNITY, HEATH SAID, IS
ONE OF THE FOUR MAJOR ECONOMIC POWERS IN THE WORLD, AND
THE LARGEST WORLD TRADING UNIT. IT NOW HAS A GREAT
CHANCE TO EXERT ITS COLLECTIVE INFLUENCE. " WE SHALL
RESPOND POSITIVELY THEREFORE IN THIS WAY TO THE CALL
WHICH WAS RECENTLY MADE IN NEW YORK BY DR. KISSINGER, IN
HIS SPEECH ON 18 APRIL, TO BRING UP TO DATE THE RELATION-
SHIP BETWEEN WESTERN EUROPE, NORTH AMERICA, AND JAPAN.
WE RECOGNIZE THAT THE EMERGENCE OF OUR ENLARGED COMMUNITY
IS PERHAPS THE SIGNIFICANT FEATURE WHICH MAKES THIS
REDEFINITION OF OUR RELATIONSHIPS ACROSS THE ATLANTIC SO
NECESSARY."

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